

## Message Text

UNCLASSIFIED

PAGE 01 HALIFA 00224 272031Z

10

ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 PA-02 PRS-01 ERDA-07 AID-05

CEA-01 CIAE-00 CIEP-02 COME-00 DODE-00 EB-07 FPC-01

H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03

USIA-15 SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00

FRB-01 NEA-10 /119 W

----- 090518

R 271510Z JUN 75

FM AMCONSUL HALIFAX

TO SECSTATE WASHDC 1064

INFO AMEMBASSY OTTAWA

UNCLAS HALIFAX 224

E.O. 11652: N/A

TAGS: ENRG, CA

SUBJECT: THE SHAHEEN OIL REFINERY AT CANSO STRAIT

REF: HALIFAX A-38, APRIL 29/75

1. WHILE IN HALIFAX ON JUNE 25 TO ATTEND THE LIEUTENANT GOVERNOR'S ANNUAL GARDEN PARTY, AMERICAN INDUSTRIAL PROMOTER JOHN SHAHEEN WAS ASKED WHETHER THERE WAS ANY FURTHER PROGRESS TOWARD GETTING STARTED ON A REFINERY AT CANSO STRAIT, A PROJECT ORIGINALLY DISCUSSED AS FAR BACK AS 1972. MR SHAHEEN'S ONLY COMMENT TO INQUIRIES WAS THAT WE ARE READY WHEN THE GOVERNMENT IS READY .

2. PROVINCIAL MINISTER OF DEVELOPMENT GEORGE MITCHELL, WHEN QUERIED, REJECTED ANY SUGGESTION THAT THE GOVERNMENT WAS RESPONSIBLE FOR DELAYING THE MULTI-MILLION DOLLAR PROJECT. HE SAID THAT MR SHAHEEN CAN GO AHEAD ANY TIME HE IS READY.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 HALIFA 00224 272031Z

EM THE FOLLOWING DAY, JUNE 26, PREMIER GERALD REGAN

SAID THAT A NUMBER OF PROBLEMS INCLUDING SPECIAL IMPORT TAXES ON OIL ENTERING THE UNITED STATES, ARE CONTINUING TO PLAGUE EFFORTS TO UTILIZE FULLY THE DEEPWATER PORT POTENTIAL OF CANSO STRAIT. HE SAID THAT HE WAS LESS OPTIMISTIC NOW THAN A FEW MONTHS AGO OVER THE PROSPECTS FOR A START ON THE SHAHEEN REFINERY. HE WENT ON TO SAY, HOWEVER, THAT HE WAS STILL WILLING TO RENEGOTIATE AN AGREEMENT WITH THE SHAHEEN INTERESTS. HE ADDED THAT THE PROVINCE IS ALSO LOOKING ELSEWHERE FOR REFINERY INVESTMENT. MR REGAN SAID THAT SHAHEEN WAS FORCED TO REWORK THE WHOLE REFINERY SCHEME IN LIGHT OF THE INTERNATIONAL OIL PRICE CRISIS. ACCORDING TO THE PREMIER POTENTIAL DEVELOPERS ARE NOW LOOKING AT A REFINERY WHICH WOULD PRODUCE MORE SPECIALIZED FUELS.

4. THE PREMIER SAID THAT HE WAS NOT SURE THAT THE SHAHEEN COMPANY HAD THE FINANCING WORKED OUT FOR THE NEW PROJECT. WHEN FIRST ANNOUNCED IN 1972 A MAJOR PORTION OF THE FINANCING WAS TO HAVE COME FROM THE BRITISH EXPORT BANK IN RETURN FOR PURCHASES OF EQUIPMENT IN GREAT BRITAIN. THE PRICE TAG THEN WAS 223 MILLION DOLLARS BUT NOW WOULD RUN TO 450 MILLION DOLLARS.

5. THE PREMIER SAID THAT HE DID NOT INTERPRET MR SHAHEEN'S REMARK, QUOTED ABOVE, AS MEANING ANY ONE SIDE WAS BLOCKING NEGOTIATIONS. HE FELT THAT BOTH SIDES WOULD BE WILLING TO CONTINUE NEGOTIATIONS. THE PREMIER ALSO SAID THAT THERE WAS NOTHING SIGNIFICANT IN THE FACT THAT HE DIDN'T HOLD TALKS DURING MR SHAHEEN'S VISIT TO HALIFAX. (CONGEN WOULD NOTE THAT THE PREMIER AND SHAHEEN MET AT THE LIEUTENANT GOVERNOR'S GARDEN PARTY AND LEFT THE PARTY TOGETHER TO TAKE A HELICOPTER TO SOME OUT-OF-TOWN DESTINATION.)

6. LEADER OF THE PROGRESSIVE CONSERVATIVE OPPOSITION, JOHN BUCHANAN, COMMENTED THAT IT WAS EVIDENT THAT THE PROJECT IS DEAD AND HAS BEEN DEAD FOR MORE THAN TWO YEARS. HE DEPLORED THE FACT THAT MILLIONS OF DOLLARS HAD GONE DOWN THE DRAIN OVER THE PAST THREE YEARS IN CONNECTION WITH THE PROJECT.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 HALIFA 00224 272031Z

V  
MANBEY

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM REFINING, REFINERIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 JUN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975HALIFA00224  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750225-0954  
**From:** HALIFAX  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750610/aaaaaitk.tel  
**Line Count:** 109  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 HALIFAX A-38, 75 APRIL 29/75  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** hartledg  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 04 MAR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <04 MAR 2003 by PhilliR0>; APPROVED <18 MAR 2004 by hartledg>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** THE SHAHEEN OIL REFINERY AT CANSO STRAIT  
**TAGS:** ENRG, CA, US, (REGAN, GERALD), (SHAHEEN, JOHN)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006